



ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: January 25, 2015

TO: The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: **ADOPTION OF A RESOLUTION APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS 16-17") FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017, IN ORDER TO COMPLY WITH SECTION 34177 OF THE HEALTH AND SAFETY CODE**

RECOMMENDATION:

- a) Review the ROPS 16-17 for the period of January 1, 2016 through June 30, 2017;
- b) Adopt a Resolution approving the ROPS 16-17; and
- c) Direct Successor Agency staff to transmit the ROPS 16-17, if approved, to the Los Angeles County Auditor-Controller, the State of California and the State Department of Finance ("DOF").

BACKGROUND:

1. On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, AB X1 26 and AB X1 27, into law. The legislation was effective on June 29, 2011. AB X1 26 eliminated redevelopment agencies as of October 1, 2011. Under AB X1 26 (chapter 5, Statutes of 2011), an Oversight Board was established to oversee the actions of the Successor Agency to the Temple City Redevelopment Agency (Successor Agency).
2. On July 18, 2011, the California Redevelopment Association and League of California Cities filed suit to invalidate AB X1 26 and AB X1 27.
3. On December 29, 2011, the California Supreme Court announced its decision in *CRA v. Matosantos* upholding AB X1 26 as a constitutional exercise of the Legislature's power, but striking down AB X1 27 as unconstitutional. On January 13,

2012, in the absence of any election to the contrary, the City of Temple City (i.e., "City") became the successor entity for the general functions of the Temple City Community Redevelopment Agency.

4. On February 1, 2012, unless urgency legislation or another pending lawsuit intervened, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency.

ANALYSIS:

AB X1 26 required the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") for each six month period. Pursuant to SB 107, beginning with fiscal year 2016/2017, the ROPS is submitted once annually instead of every six months. The ROPS essentially serves as an invoice between the Successor Agency and the Los Angeles County Auditor-Controller and dictates how much former property tax increment will be released by the County to the Successor Agency to pay for enforceable obligations. Only payments listed on the ROPS may be made by the Successor Agency.

Currently, the Successor Agency's sources of revenue available to pay for costs listed on the approved ROPS include:

- Former Tax Increment, now held by the Los Angeles County Auditor-Controller in the Redevelopment Property Tax Trust Fund ("RPTTF"); and
- Administrative Allowance for winding down the Redevelopment Activities.

The attached ROPS 16-17 reflects the 12 month estimated payment obligations for the Successor Agency in the new online format provided by the DOF. The ROPS 16-17 will be submitted to the Los Angeles County Auditor- Controller, State Controllers' Office and the DOF by February 1, 2016, the statutory deadline.

CONCLUSION:

In order to avoid a civil penalty of \$10,000 per day for the Successor Agency's failure to timely submit, it is recommended the Oversight Board adopt a Resolution approving the 16-17 ROPS, so that staff can ensure submittal in a timely manner.

FISCAL IMPACT:

The total obligations/enforceable debt for the 16-17 ROPS is \$1,985,008 and that is the anticipated amount to be distributed by the Los Angeles County Auditor-Controller.

ATTACHMENT:

A. ROPS 16-17